

AMENDED IN ASSEMBLY APRIL 30, 2007

AMENDED IN ASSEMBLY APRIL 12, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 895

Introduced by Assembly Member Aghazarian

February 22, 2007

An act to add Section 1374.19 to the Health and Safety Code, and to add Section 10120.2 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 895, as amended, Aghazarian. Health care coverage: dental care.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, the willful violation of which is a crime, provides for the licensing and regulation of specialized health care service plans, including plans covering dental services. Existing law provides for the licensing and regulation of dental insurers by the Department of Insurance. Existing law imposes specified coverage and disclosure requirements on specialized health care service plans and insurers. Existing law provides for but does not require a coordination of benefits in instances where coverage for a claim is available from more than one insurer or plan, as specified.

This bill would require a specialized health care service plan covering dental services or a dental insurer to declare its coordination of benefits policy, as defined, *prominently* in its evidence of coverage documents or in its contracts or policies *with both enrollees or insureds and subscribers or policyholders*. The bill would require a dental plan or dental insurer that is an enrollee's or insured's primary dental plan or

insurer and that is coordinating dental benefits with one or more other dental plans or insurers to pay the maximum amount required by its contract or policy with the enrollee or insured or the subscriber or policyholder. The bill would require a specialized dental plan or dental insurer that is the secondary dental plan or insurer to pay ~~the amount of the enrollee's or insured's bill not paid by the primary dental plan or insurer, not to exceed certain amounts, as specified~~ *the lesser of the amount that it would have paid in the absence of any other dental benefit coverage, or the enrollees or insured's total out-of-pocket cost payable under the primary dental benefit plan for benefits covered under the secondary plan or insurer.*

Because a willful violation of the bill's requirements with regard to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1374.19 is added to the Health and Safety
- 2 Code, to read:
- 3 1374.19. (a) *It is the intent of the Legislature that a specialized*
- 4 *health care service plan contract covering dental services, when*
- 5 *acting as a secondary plan or insurer, shall pay the lesser of either*
- 6 *the amount that it would have paid in the absence of any other*
- 7 *dental benefit coverage, or the enrollee's total out-of-pocket cost*
- 8 *payable under the primary dental benefit plan for benefits covered*
- 9 *under the secondary plan.*
- 10 (b) *For purposes of this section, the following terms have the*
- 11 *following meanings:*
- 12 (1) *"Coordination of benefits" means the method by which a*
- 13 *specialized health care service plan contract covering dental*
- 14 *services and another dental benefit plan pay their respective*
- 15 *reimbursements for dental benefits when an enrollee is covered*
- 16 *by multiple dental benefit plans.*

1 (2) “Primary dental benefit plan” means a specialized health
2 care service plan contract regulated pursuant to this section and
3 described in subdivision (c) or a dental insurance policy regulated
4 pursuant to Part 2 (commencing with Section 10110) of Division
5 2 of the Insurance Code that provides an enrollee with primary
6 dental coverage.

7 (3) “Secondary dental benefit plan” means a specialized health
8 care service plan contract regulated pursuant to this section and
9 described in subdivision (c) or a dental insurance policy regulated
10 pursuant to Part 2 (commencing with Section 10110) of Division
11 2 of the Insurance Code that provides an enrollee with secondary
12 dental coverage.

13 (c) A health care service plan covering dental services or a
14 specialized health care service plan issuing a specialized health
15 care service plan contract covering dental services shall declare
16 its coordination of benefits policy prominently in its evidence of
17 coverage or contract with both enrollee and subscriber.

18 (d) When a primary dental benefit plan is coordinating its
19 benefits with one or more secondary dental benefits plans, it shall
20 pay the maximum amount required by its contract with the enrollee
21 or subscriber.

22 (e) A specialized health care service plan contract covering
23 dental services, when acting as a secondary dental benefit plan or
24 insurer, shall pay the lesser of either the amount that it would have
25 paid in the absence of any other dental benefit coverage, or the
26 enrollee’s total out-of-pocket cost payable under the primary dental
27 benefit plan for benefits covered under the secondary plan.

28 SEC. 2. Section 10120.2 is added to the Insurance Code, to
29 read:

30 10120.2. (a) It is the intent of the Legislature that an insurer
31 covering dental services, when acting as a secondary plan or
32 insurer, shall pay the lesser of either the amount it would have
33 paid in the absence of any other dental benefit coverage, or the
34 enrollee’s total out-of-pocket cost payable under the primary dental
35 benefit plan for benefits covered under the secondary plan.

36 (b) For purposes of this section, the following terms have the
37 following meanings:

38 (1) “Coordination of benefits” means the method by which a
39 primary dental benefit plan and one or more secondary dental
40 benefit plans pay their respective reimbursements for dental

1 *benefits when an insured is covered by multiple dental benefit*
2 *plans.*

3 (2) “Primary dental benefit plan” means a dental insurance
4 policy regulated pursuant to this section and described in
5 subdivision (c) or a specialized health care service plan contract
6 regulated pursuant to Chapter 2.2 (commencing with Section 1340)
7 of Division 2 of the Health and Safety Code that provides an
8 insured with primary dental coverage.

9 (3) “Secondary dental benefit plan” means a dental insurance
10 policy regulated pursuant to this section and described in
11 subdivision (c) or a specialized health care service plan contract
12 regulated pursuant to Chapter 2.2 (commencing with Section 1340)
13 of Division 2 of the Health and Safety Code that provides an
14 insured with secondary dental coverage.

15 (c) A dental insurer shall declare its coordination of benefits
16 policy prominently in its evidence of coverage or insurance policy
17 with both insured and policyholder.

18 (d) When a primary dental benefit plan is coordinating its
19 benefits with one or more secondary dental benefit plans, it shall
20 pay the maximum amount required by its policy with the insured
21 or policyholder.

22 (e) An insurer covering dental services, when acting as a
23 secondary dental benefit plan or insurer, shall pay the lesser of
24 either the amount it would have paid in the absence of any other
25 dental benefit coverage, or the enrollee’s total out-of-pocket cost
26 payable under the primary dental benefit plan for benefits covered
27 under the secondary plan.

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.

37 ~~SECTION 1. It is the intent of the Legislature to prohibit a~~
38 ~~specialized health care service plan covering dental services or a~~
39 ~~dental insurer from adopting, when acting as a secondary plan or~~
40 ~~insurer, “coordination of benefits” clauses, “nonduplication of~~

benefits” clauses, “carve-out” clauses, “maintenance of benefits” clauses, or other clauses that result in the plan or insurer reimbursing less than it would as a primary plan or insurer, if the combined benefit from the primary and secondary plans or insurers would not exceed 100 percent of the enrollee’s or insured’s total bill for dental services.

SEC. 2. ~~Section 1374.19 is added to the Health and Safety Code, to read:~~

~~1374.19. (a) For purposes of this section, the following terms have the following meanings:~~

~~(1) “Coordination of benefits” means the method by which a specialized health care service plan covering dental services and one or more other dental plans pay their respective reimbursements for dental benefits when an enrollee is covered by multiple dental plans.~~

~~(2) “Primary dental plan” means the health care service plan or health insurer that provides an enrollee with primary dental coverage.~~

~~(3) “Secondary dental plan” means the health care service plan or health insurer that provides an enrollee with secondary dental coverage.~~

~~(b) A specialized health care service plan covering dental services shall declare its coordination of benefits policy in its evidence of coverage or contract with an enrollee or subscriber.~~

~~(c) When a specialized health care service plan is an enrollee’s primary dental plan and is coordinating its benefits with one or more secondary dental plans, it shall pay the maximum amount required by its contract with the enrollee or subscriber.~~

~~(d) When a specialized health care service plan is a secondary dental plan and is coordinating its benefits with a primary dental plan, it shall pay the amount of the enrollee’s bill for dental services not paid by the primary plan. The amount paid by a secondary dental plan pursuant to this subdivision shall not exceed either of the following:~~

~~(1) The maximum benefit offered by that plan when it is a primary dental plan.~~

~~(2) One hundred percent of the enrollee’s total bill for dental services.~~

SEC. 3. ~~Section 10120.2 is added to the Insurance Code, to read:~~

1 ~~10120.2.—(a) For purposes of this section, the following terms~~
2 ~~have the following meanings:~~

3 ~~(1) “Coordination of benefits” means the method by which two~~
4 ~~or more dental insurers pay their respective reimbursements for~~
5 ~~dental benefits when an insured is covered by multiple dental~~
6 ~~insurers.~~

7 ~~(2) “Primary dental insurer” means the health insurer or health~~
8 ~~care service plan that provides an insured with primary dental~~
9 ~~coverage.~~

10 ~~(3) “Secondary dental insurer” means the health insurer or health~~
11 ~~care service plan that provides an insured with secondary dental~~
12 ~~coverage.~~

13 ~~(b) A dental insurer shall declare its coordination of benefits~~
14 ~~policy in its evidence of coverage or insurance policy with an~~
15 ~~insured or policyholder.~~

16 ~~(c) When a dental insurer is an insured’s primary dental insurer~~
17 ~~and is coordinating its benefits with one or more secondary dental~~
18 ~~insurers, it shall pay the maximum amount required by its policy~~
19 ~~with the insured or policyholder.~~

20 ~~(d) When a dental insurer is a secondary dental insurer and is~~
21 ~~coordinating its benefits with a primary dental insurer, it shall pay~~
22 ~~the amount of the insured’s bill for dental services not paid by the~~
23 ~~primary insurer. The amount paid by a secondary dental insurer~~
24 ~~pursuant to this subdivision shall not exceed either of the following:~~

25 ~~(1) The maximum benefit offered by that insurer when it is a~~
26 ~~primary dental insurer.~~

27 ~~(2) One hundred percent of the insured’s total bill for dental~~
28 ~~services.~~

29 ~~SEC. 4. No reimbursement is required by this act pursuant to~~
30 ~~Section 6 of Article XIII B of the California Constitution because~~
31 ~~the only costs that may be incurred by a local agency or school~~
32 ~~district will be incurred because this act creates a new crime or~~
33 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
34 ~~for a crime or infraction, within the meaning of Section 17556 of~~
35 ~~the Government Code, or changes the definition of a crime within~~
36 ~~the meaning of Section 6 of Article XIII B of the California~~
37 ~~Constitution.~~